

Stewardship Engagement Guidance to Companies in Response to COVID-19

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STATE STREET GLOBAL ADVISORS SPDR®

Dear Board Members,

As business leaders, we are all concerned about what the outbreak of COVID-19 and its rapid spread mean for the health of our employees, our customers and our companies, as well as the overall resiliency of economies and society.

Many of you have already taken extraordinary steps to shift your operations to help, from repositioning production lines to create ventilators and protective masks to funneling resources into developing new vaccines and therapies. And many more are continuing to pay workers while operations are shuttered or making contributions supporting food banks and first responders.

In addition to the public health concerns, this crisis has already been a major disruptor to the global economy, which in turn has strained our financial system. As a long-term investor in your company, State Street Global Advisors would like to share some perspectives on our asset stewardship agenda for 2020 in light of these extraordinary circumstances.

In my letter to you in January, we reinforced our ongoing commitment to engaging with you on a wide range of material environmental, social and governance (ESG) issues related to your company. While we remain committed to ensuring that companies in our portfolios address these issues as a matter of good business practice and long-term financial performance, COVID-19 will undoubtedly have near-term implications for companies and their boards.

We recognize that our engagement conversations will shift to more immediate ESG issues such as employee health, serving and protecting customers and ensuring the overall safety of supply chains in the context of the current crisis – the scope and duration of which none of us can predict.

In addition, we know that you, as directors, are also faced in the short-term with focusing on

your companies' financial resiliency. For instance, many companies are considering reducing their capital spending, share buybacks, dividend payments and expenses. We recognize that balancing the diverse—and sometimes competing—needs of employees, customers, shareholders, regulators, and the broader community will differ by company, industry, and region. As we have invested in your companies, and engaged with you for many years, we are sensitive to those distinctions and committed to helping you think through the short- and long-term implications of those decisions.

That being said, we continue to believe that material ESG issues must be part of the bigger picture and clearly articulated as part of your company's overall business strategy. With this in mind, we encourage you to:

- Refrain from undertaking undue risks that are beneficial in the short term but harm longer-term financial stability and the sustainability of your business model;
- Communicate to investors COVID-19's short- and medium-term potential impact to your business, overall operations and supply chains, including management preparedness and scenario-planning and analysis;
- Articulate how COVID-19 might impact or influence your company's approach to material ESG issues as part of your long-term business strategy.

Lastly, to continue to help stop the spread of the virus, we encourage companies to follow guidance from government authorities to either postpone your shareholder annual general meetings (AGMs) or shift to virtual meetings. When conducting an annual meeting virtually, we expect companies to preserve all the rights and opportunities afforded to shareholders through a physical meeting. Most importantly, shareholders should be able to have active and robust interactions with management and the board at appropriate times.

As always, we stand ready to engage with our portfolio companies to discuss the challenges of balancing both short- and long-term priorities. Do not hesitate to contact our stewardship team at GovernanceTeam@SSGA.com.

We recognize that a global health and economic crisis of this magnitude presents extraordinary challenges for businesses, families and communities around the world. On behalf of my entire team at State Street Global Advisors, we send you our best wishes for good health and safety.

Sincerely,

Cyrus Taraporevala
President & CEO
State Street Global Advisors